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Labour Market Information Monthly

February 2010 Edition *Issue 2 Volume 7*

THE FINANCIAL IMPACT OF STUDENT LOANS[1]

As tuition fees have risen, more students have relied on student loans to help finance their postsecondary education and debt loads have gone up. This situation in turn has had an impact on individual students' financial positions after graduation.

This study, based on data from three different surveys, found that well over one-half (57%) of the graduating class of 2005 had student loans, up from 49% 10 years earlier. Average student debt on graduation rose from $15,200 to $18,800 during the same decade. Also, the proportion of borrowers who graduated with debt loads of at least $25,000 increased to 27% in 2005 from 17% in 1995.

Among postsecondary graduates, borrowers did not differ significantly from non-borrowers in terms of employment rates, total personal income and the likelihood of having a registered pension plan. However, borrowers had a significantly lower probability of having savings and investments than non-borrowers. Analysis showed that among postsecondary graduates aged 20 to 45 in 2007, 42% of those who had borrowed money to finance their schooling had savings and investments, compared with 52% of other postsecondary graduates, all other factors being equal.

This Month

- The Financial Impact of Student Loans
- Key Labour Force Statistics
- The Industry Report

Borrowers with postsecondary education were less likely to own their homes, and when they did, they were slightly more likely to have a mortgage than non-borrowers with postsecondary education. According to data on a group of postsecondary graduates aged 20 to 29 from the 2005 Survey of Financial Security, those with and those without student loans had similar average total personal debts. But postsecondary graduates with student loans had, on average, lower assets and correspondingly lower net worth than those who did not have student loans.

The results suggest that, while student debt continues to affect individuals' finances after graduation, borrowers who complete their postsecondary education received labour market returns to their education similar to those of non-borrowers. Moreover, both groups of graduates have fared much better in the labour market than those with less education, including those with partial postsecondary studies.

Note: This study, published in the January 2010 edition of Perspectives on Labour and Income, examines the financial situation of postsecondary graduates who borrowed money to finance their education compared with their counterparts who did not do so. It also examines other characteristics such as personal income, savings and investments, the presence of a retirement pension plan, home ownership, assets, debts and net worth for student loan borrowers. It is based on the latest data from the National Graduates Survey (class of 2005), the Survey of Labour and Income Dynamics (2002 to 2007) and the Survey of Financial Security (2005).

The article "The financial impact of student loans" is now available in the January 2010 online edition of Perspectives on Labour and Income, Vol. 11, no. 1 (75-001-X, free), from the Key resource module of the Statistics Canada website under Publications.

[1] From Statistics Canada (http://www.statcan.gc.ca/dai-quo/index-eng.htm), *The Daily*, January 29, 2010.

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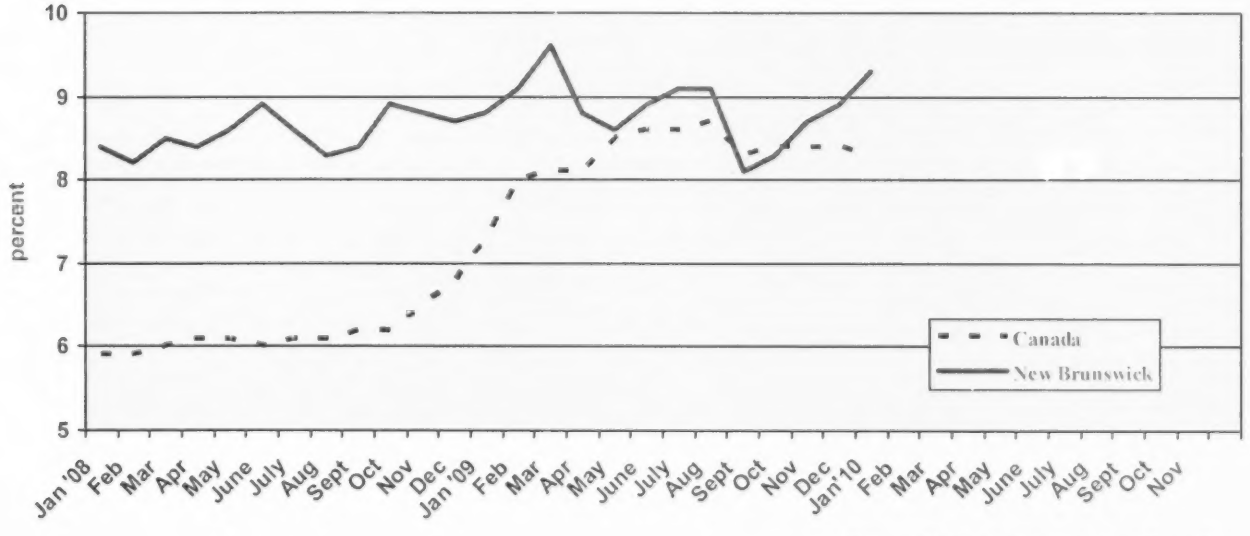
KEY LABOUR FORCE STATISTICS FOR NEW BRUNSWICK (Source: Statistics Canada Labour Force Survey)

New Brunswick	YTD	January '10	December '09	January'09
Labour Force	401,700	401,700	401,200	403,300
Employed	364,500	364,500	365,400	367,900
Unemployed	37,200	37,200	35,800	35,400
Unemployment Rate	9.3%	9.3%	8.9%	8.8%
Participation Rate	64.5%	64.5%	64.4%	65.0%
Employment Rate	58.5%	58.5%	58.7%	59.3%

CANADA COMPARED TO NEW BRUNSWICK

In January, Canada's unemployment rate was 8.3%, 0.1 of a percentage point lower than last month but 1.0 of a percentage point higher than the same time last year. New Brunswick's rate of 9.3% was 0.4 of a percentage point higher than last month and 0.5 of a percentage point higher than the same time last year, when it stood at 8.8%.

UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA



Source: Statistics Canada Labour Force Survey

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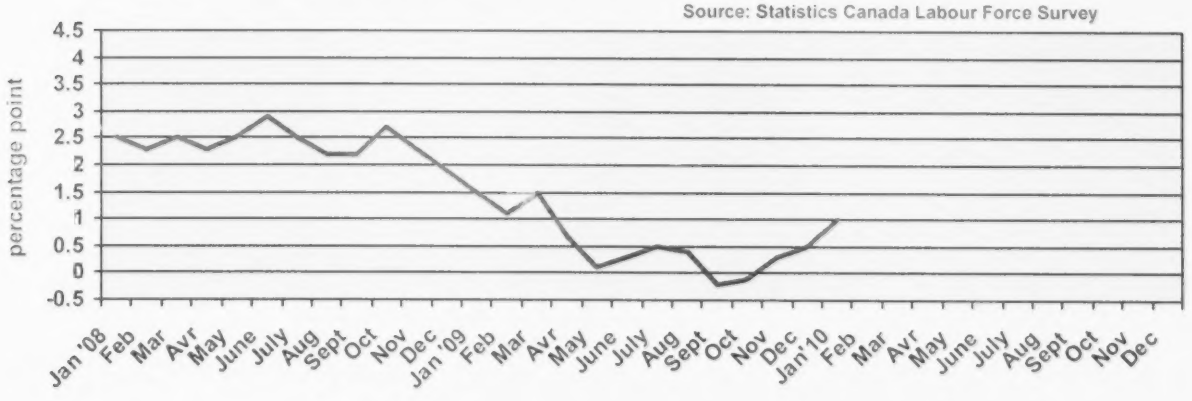
CANADA COMPARED TO NEW BRUNSWICK (continued)

The gap between the national and provincial rates was 1.0 of a percentage point in January.

DIFFERENCE IN UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA

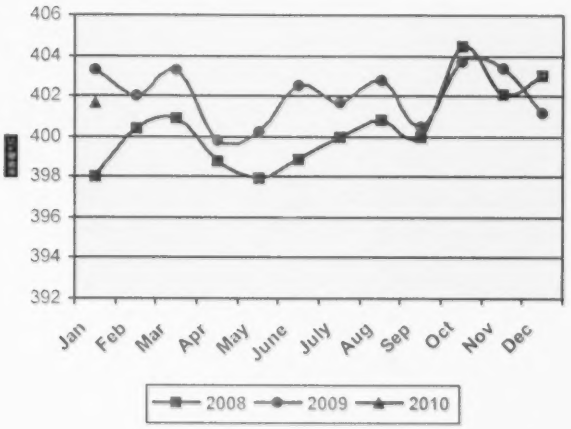
Source: Statistics Canada Labour Force Survey



THE LABOUR FORCE

New Brunswick's labour force stood at 401,700 in January. This represented an increase of 500 over last month, but a decrease of 1,600 over the same time last year.

THE SIZE OF THE LABOUR FORCE



Source: Statistics Canada Labour Force Survey

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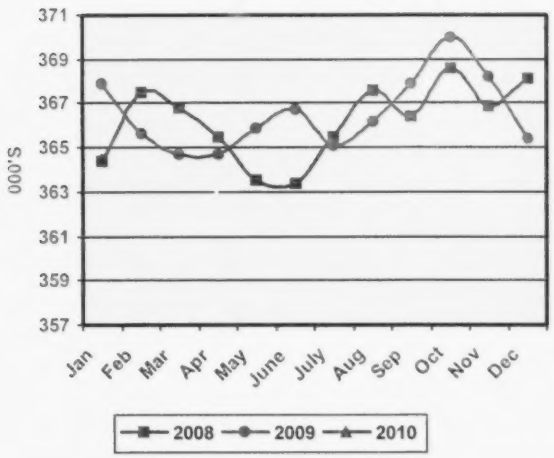
EMPLOYMENT

There were 364,500 people working in January. This was 900 less than last month and 3,400 less when compared to the same period last year.

EMPLOYMENT IN NEW BRUNSWICK

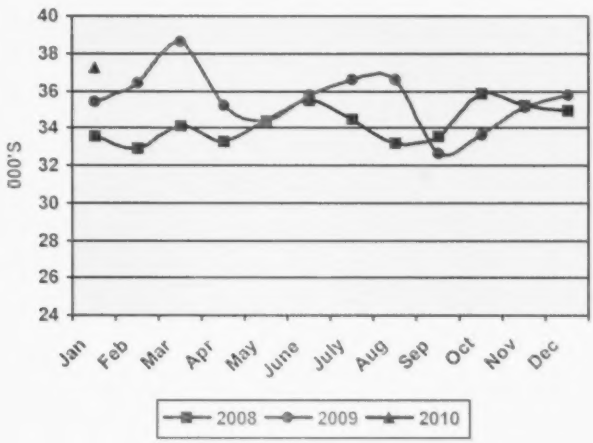


Source: Statistics Canada Labour Force Survey

UNEMPLOYMENT

There were 37,200 people unemployed and seeking work in January. This is 1,400 more people than what was recorded last month and is 1,800 more compared to the same period last year.

UNEMPLOYMENT IN NEW BRUNSWICK



Source: Statistics Canada Labour Force Survey

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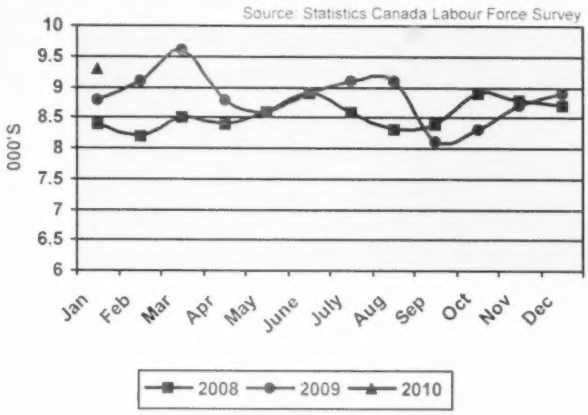
THE UNEMPLOYMENT RATE

New Brunswick's unemployment rate of 9.3% in January was 0.4 of a percentage point higher than last month and was 0.5 of a percentage point higher compared to the same time last year.

THE ECONOMIC REGIONS

Statistics Canada reports labour force statistics for the economic regions as three month moving averages of actual (not seasonally adjusted) data.

THE UNEMPLOYMENT RATE IN NEW BRUNSWICK



January'10	Economic Regions				
	Northeast	Southeast	Southwest	Central	Northwest
Labour Force	73,300	109,800	93,800	73,800	42,800
Employment	62,200	102,900	85,800	68,500	38,500
Unemployment	11,100	7,000	8,000	5,300	4,300
Unemployment Rate	15.1%	6.4%	8.5%	7.2%	10.0%
Participation Rate	54.4%	65.0%	65.1%	69.1%	62.8%

Economic Regions	YTD		January'10		January'09	
	Emp.	UR	Emp.	UR	Emp.	UR
Northeast	62,200	15.1%	62,200	15.1%	60,700	17.0%
Southeast	102,900	6.4%	102,900	6.4%	105,400	6.4%
Southwest	85,800	8.5%	85,800	8.5%	88,500	6.3%
Central	68,500	7.2%	68,500	7.2%	65,900	6.4%
Northwest	38,500	10.0%	38,500	10.0%	39,100	10.1%

On a year-over-year basis (January 2010 compared to January 2009), employment increased in the Central (+2,600) and Northeast (+1,500) economic regions while employment decreased in the Southwest (-2,700); Southeast (-2,500) and Northwest (-600) regions.

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THE INDUSTRY REPORT

Employment growth on a year-over-year basis was strongest in the following sectors*:

Information, culture and recreation (18.7%) - In January of 2010, there were approximately 12,700 people employed in this sector. This represents 2,400 fewer people than in September of 1999 (the record high month for this sector). This is the eighth consecutive month where the monthly employment level recorded was stronger than the equivalent month of the previous year. Over the last 24 months, employment has been stronger on a year-over-year basis in only 12 of those months (but given that eight have happened in the last eight months, this suggests that the sector has turned the corner to a more positive trajectory). So far this year (using year-to-date figures), employment is 18.7% higher than what was recorded for the same period of 2009 (only one month into the year).

Other Services (13.6%) - In January of 2010, there were approximately 17,500 people employed in this sector. This represents 2,400 fewer people than in April of 2006 (the record high month for this sector). This is the sixth consecutive month where the monthly employment level recorded was stronger than or tied with the equivalent month of the previous year. Over the last 24 months, employment has been stronger on a year-over-year basis in only eight of those months (but all eight have happened in the last nine months, suggesting this sector has turned the corner to a more positive trajectory). So far this year (using year-to-date figures), employment is 13.6% higher than what was recorded for the same period of 2009 (only one month into the year).

Manufacturing (6.1%) – In January of 2010, there were approximately 34,600 people employed in this sector. This represents 9,000 fewer people than in January of 2004 (the record high month for this sector). This is only the second consecutive month where the monthly employment level recorded was stronger than the equivalent month of the previous year. Over the last 24 months, employment has been stronger on a year-over-year basis in only six of those months (three of which happened in 2008). So far this year (using year-to-date figures), employment is 6.1% higher than what was recorded for the same period of 2009 (only one month into the year).

Includes the top three growth sectors and all sectors that posted a 10% or greater (year-over-year) increase in employment.

Employment was weaker on a year-over-year basis in the following sectors**:

Professional, Scientific and Technical Services (-17.3%) – In January of 2010, there were approximately 14,800 people employed in this sector. This represents 3,900 fewer people than in March of 2008 (the record high month for this sector). This is only the fourth consecutive month that this sector has experienced a year-over-year decline in employment. Over the last 24 months this sector has recorded year-over-year employment gains 14 times (but eight came in the first eight months of this period). So far this year (using year-to-date figures), employment is 17.3% lower than what was recorded for the same period of 2009 (only one month into the year).

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THE INDUSTRY REPORT (continued)

Agriculture (-15.8%) – In January of 2010, there were approximately 6,400 people employed in this sector. This represents 2,400 fewer people than in September of 1992 (the record high month for this sector).This is only the second consecutive month where the monthly employment level recorded was weaker than the equivalent month of the previous year. Over the last 24 months, employment was stronger on a year-over-year basis in 16 of those months. So far this year (using year-to-date figures), employment is 15.8% lower than what was recorded for the same period of 2009 (only one month into the year).

Utilities (-13.5%) – In January of 2010, there were approximately 4,500 people employed in this sector. This represents 900 fewer people than in July and November of 2008 (the record high months for this sector).This is the tenth consecutive month where the monthly employment level recorded was weaker than the equivalent month of the previous year. Over the last 24 months, employment was stronger on a year-over-year basis in 14 of those months (all coming in the first fourteen months of this period). So far this year (using year-to-date figures), employment is 13.5% lower than what was recorded for the same period of 2009 (only one month into the year).

** Includes the bottom three growth sectors and all sectors that posted a 10% or greater (year-over-year) decrease in employment

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